MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BAC1064 –ACCOUNTING FOR DECISION MAKING

(All sections / Groups)

6 JULY 2023
9.00 AM – 11.00 AM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 4 pages excluding cover page with 4 Questions only.
2. Answer **ALL** questions.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Nabiel Sdn Bhd reports the following costs and expenses for the month of May 2022:

	(RM)			(RM)
Factory Manager's Salary Expense	26,000		Depreciation Expense – Factory Machinery	11,000
Property Tax Expense – Factory Building	5,500		Delivery Expense – Carriage Outward	4,400
Direct Labour	38,500		Direct Materials	180,000
Indirect Labour	14,100		Indirect Materials	94,700
Factory Supplies Expense	6,500		Advertising Expense	22,500
Factory Utilities Expense	2,700		Office Supplies Expense	11,400

Required:

(a) Compute the total product costs. (5 marks)

(b) Classify and briefly illustrate the FIVE (5) features of Managerial Accounting. (10 marks)

Part B

The Statement of Profit or Loss for Chloe Sdn Bhd for the year 2022 appears below.

CHLOE SDN BHD
Statement of Profit or Loss
For the Year Ended 31 December 2022

	(RM)
Sales (40,000 units)	1,000,000
Variable expenses	700,000
Contribution margin	300,000
Fixed expenses	360,000
Net income (loss)	(60,000)

Required:

Answer the following questions using the contribution margin technique.

(a) Compute the break-even point in unit and ringgit (RM) for the year 2022. (4 marks)

(b) Compute the required sales in units for the company if the targeted net income is RM45,000 for the year 2023. (2 marks)

(c) If the company is able to reduce variable costs by RM2.50 per unit in year 2023 and other costs and unit sales remain unchanged, how many units will the company have to sell in order to earn a net income of RM45,000? (4 marks)

[TOTAL 25 MARKS]

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QUESTION 2

Irfan Sdn Bhd provided the following information for the year ended 31 December 2022:

	(RM)
Collection of principal on long-term loan to a supplier	15,000
Purchase of equipment for cash	10,000
Proceeds from the sale of long-term investment at book value	20,000
Issuance of common stock for cash	27,000
Depreciation expense	28,000
Redemption of bonds payable at carrying (book) value	35,000
Payment of cash dividends	15,000
Net income	25,000
Purchase of land through the issuance of bonds payable	45,000

In addition, the following information is available from the comparative balance sheet for the company at the end of 2022 and 2021:

	2022	2021
Cash	RM 66,000	RM14,000
Accounts receivable (net)	20,000	16,000
Prepaid insurance	18,000	13,000
Total current assets	RM104,000	RM43,000
Accounts payable	RM 30,000	RM20,000
Salaries payable	3,000	7,000
Total current liabilities	RM 33,000	RM27,000

Required:
Prepare the Statement of Cash Flows for the year ended 31 December 2022 using the indirect method.

(25 marks)

[TOTAL 25 MARKS]

Continued.....

QUESTION 3

Part A

Budgetary planning in business refers to the process of creating a detailed financial plan that outlines the expected revenues and expenses for a specific period, typically for the upcoming fiscal year. It involves setting financial goals, estimating income and costs, and allocating resources to various activities and departments within the organization.

Required:
Based on budgetary planning knowledge, answer the following questions.

(a) Briefly illustrate any FIVE (5) benefits of budgeting in a business perspective.
(5 marks)

(b) Sales forecasting is a critical component of budgeting as it helps businesses estimate their expected revenues and plan expenses accordingly. Briefly show any FIVE (5) factors to consider in sales forecasting when preparing a financial budget.
(5 marks)

Part B

Thipta Sdn Bhd combines its operating expenses for budget purposes in a selling and administrative expense budget. For the first quarter of 2022, the following data are developed:

1. Sales: 20,000 units; unit selling price:	RM30
2. Variable costs per (RM) of sales:	
Sales commissions	6%
Delivery expense	2%
Advertising	4%
3. Fixed costs per quarter:	
Sales salaries	RM24,000
Office salaries	19,000
Depreciation	6,000
Insurance	2,000
Utilities	1,000

Required:
Prepare a selling and administrative expense budget for the first quarter of 2022.
(15 marks)

[TOTAL 25 MARKS]

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QUESTION 4

The following direct materials and direct labour data pertain to the operations of Mira Sdn Bhd for the month of December 2022.

Costs	
Actual labour rate	RM10 per hour
Actual material price	RM150 per ton
Standard labour rate	RM15 per hour
Standard material price	RM160 per ton

Quantities	
Actual hours incurred and used	5,200 hours
Actual quantity of material purchased and used	3,400 tons
Standard hours used	5,800 hours
Standard quantity of material used	3,000 tons

Required:

(a) Based on the above information, compute:
   i. The total, price and quantity variances for material. (9 marks)
   ii. The total, price and quantity variances for labour. (9 marks)

(b) Briefly interpret the purpose of variance analysis for a business. (1 mark)

(c) Briefly illustrate the following causes of variances:
   i. Variances in material price and quantity (3 marks)
   ii. Variances in labour price and quantity (3 marks)

[TOTAL 25 MARKS]

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